

III. Conclusion

Adoption of the proposed regulations could have devastating effects on the entire off-shore industry. The search for oil and gas in the OCS has, until now, been a cooperative effort involving government and industry. We urge that this proceeding be withdrawn and that the entities with the most at stake -- MMS and the offshore industry -- seek to resolve legitimate, but limited, concerns cooperatively without disruptive regulations.

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January 19, 1996.

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January 19, 1996

Trial procedures for Access
to Certain Geophysical Data and
Information in the Gulf of Mexico

Background

Pursuant to Sections 18 and 26 of the Outer Continental Shelf (OCS) Lands Act, the Minerals Management Service (MMS) has a right of access to certain geophysical data and information obtained or developed as a result of operations on the OCS. The procedures contained within this document are applicable solely to geophysical data acquired under a permit for geophysical exploration on the OCS issued under 30 CFR Part 251 and reprocessed by a third party, including a licensee, not on behalf of the permittee. Nothing herein should be construed to apply to speculative data acquired by a permittee and processed and/or reprocessed by the permittee or its agent for its use. The sole objective is to provide MMS timely access to geophysical data and information not available directly for any reason from the permittee, but which may be held by third parties, including licensees of the permittee, for MMS' use in determining the adequacy of bids received at OCS lease sales. These trial procedures are further limited specifically to processed and reprocessed pre- and post-stack depth migrated data ("geophysical information" as defined in 30 CFR 251.2) designed to enhance interpretations below and adjacent to salt structures. It is not MMS' intent to request interpreted geophysical information as defined in 30 CFR Part 251.2 through these procedures, but rather to seek access to only processed and reprocessed geophysical data.

MMS is also sensitive to the concerns expressed by industry regarding the confidentiality of individual company work products and client lists and the potential burden of responding to a myriad of requests from MMS pertaining to the existence and availability of these types of reprocessed geophysical data. While the procedures below are in effect, permittees will not be required to reveal to whom the data has been licensed, nor the client for which data has been processed or reprocessed on a proprietary basis.

Procedures

These procedures are part of the Notice of Sale and apply only to the Gulf of Mexico. They are intended to remain in place for a short period of time to allow MMS to evaluate their effectiveness.

In some cases the geophysical data and information required by the MMS may not, for contractual or other reasons, be available from

the permittee who acquired the basic geophysical data pursuant to the permit, but instead may only be available from third parties including licensees.

Pursuant to these trial procedures MMS will not require that permittees provide the names of any third parties including licensees to data acquired under a permit, or identify data that have been reprocessed on a proprietary basis for a client other than the permittee.

To resolve the concerns of both industry and MMS with respect to such cases, all companies bidding on a Gulf of Mexico OCS tract, or participating as a joint bidder in such a bid, will be required to provide with the bid, but not as a part of the bid, a separate statement (suggested form attached) identifying any processed or reprocessed pre- and post-stack depth migrated geophysical data (as described in Exhibit "A") which is in their possession and control and pertains to that tract. MMS is now requiring specific identification of line name(s) (for 2D data) or 3D Phase name(s) used for depth migration. Within 7 working days of a written request from MMS such bidders will allow MMS to inspect the data, and upon further written request will transmit to MMS within 10 working days such data in the attached format. Upon written request with supporting justification to the Regional Director, MMS may provide limited additional time for the bidder to provide the data. The bidder will retain the data which was used for evaluation of a tract for a bid for a period of 90 days after the sale, and make it available for MMS inspection and possible acquisition. If a bidder is awarded a lease on a tract, that bidder's data, or the most recent derivation available at the time of a request by MMS, will be retained and made available for MMS inspection and possible acquisition for a period of 3 years after the sale. If the bidder was not awarded a lease on the tract, such bidder's data must be retained and made available for MMS inspection and possible acquisition for a period of 6 months after the sale.

In the event MMS chooses to acquire the reprocessed data at a date later than 6 months after the sale, the MMS may request same in writing from the successful bidder and the successful bidder will have 30 calendar days from receipt of written notification to provide MMS, as appropriate, either access for inspection or copies of the requested data. The company providing the reprocessed data pursuant to these procedures will be reimbursed as follows. For the six month period after the sale, based on a review of the allowable cost for data reproduction to MMS for three-dimensional and two-dimensional data sets, the company providing the reprocessed data will be reimbursed at a rate of \$480 per block or part thereof for three-dimensional data and \$2 per line mile for two-dimensional data. Afterwards, reimbursement will be subject to the terms and conditions of 30 CFR Part 251.13(a).

All geophysical data and information obtained and reviewed by MMS pursuant to these procedures shall be held in the strictest confidence and treated as proprietary in accordance with the applicable terms of 30 CFR Part 251.14 and 252.3-252.7.

For additional information, contact the MMS Gulf of Mexico Regional Office of Resource Evaluation at (504) 736-2720 or (504) 736-2434.

TRIAL PROCEDURES

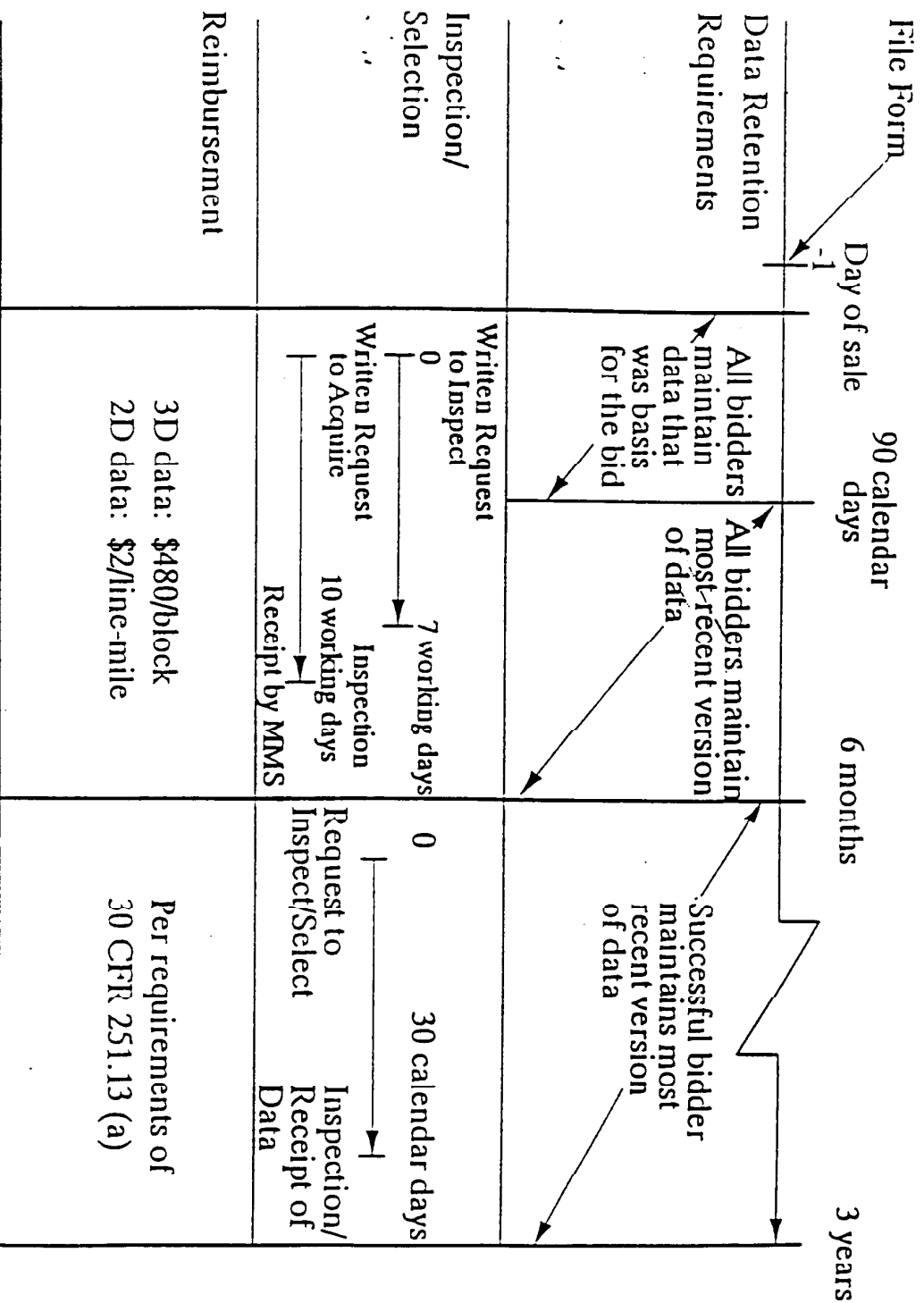


Exhibit "A"

Non-speculative Depth Migrated Geophysical Data and Information

The deliverables are as follows:

1. Three-dimensional and/or two-dimensional digital final processed and migrated time data corresponding to the depth migrated lines and shot points (item 2). Recorded on 8MM (2.5 g-byte) cassettes or other acceptable media in SEG Y standard exchange format.
2. Three-dimensional and/or two-dimensional digital final processed and migrated depth data. Recorded on 8MM (2.5 g-byte) cassettes or other acceptable media in SEG Y standard exchange format.
3. If available, one floppy diskette or 8MM cassette (or other acceptable media) digital navigation (bin-center) of final shot point locations for time data in SEG P1 format along with a corresponding paper copy. (Navigation data shall be first and last location point for each line.)
4. A sample paper copy of the processing sequence that was applied to the time and depth data.
5. Copies of SEG Y byte positions for the three-dimensional and/or two-dimensional time and depth digital data. Also workstation loading parameters for each data set (time data, post-stack depth migrated data, and pre-stack depth migrated data), including survey azimuth, in-line spacing, trace or CDP spacing, sample rate, record length and the latitude, longitude, line number, and trace number for each corner position (upper left, lower left, upper right, and lower right).
6. Pursuant to the above, if the data is available, the areal extent of the data to be provided shall be limited to the data needed for evaluation.

Bidder's Envelope for Seismic Data Statement- Example of Preferred Format

Ideas Galor- H.O. MISC. No. 20137

Depth Migrated Seismic Data Statement

Proprietary Data

SUBMITTED IN CONJUNCTION WITH OIL AND GAS LEASE SALE _____

1. Use standard size envelopes not to exceed 4-1/2" x 10-1/2"
2. Use large boldface type, such as Times Roman Bold - 12 pt.

EXAMPLE OF PREFERRED FORMAT

STATEMENT OF POSSESSION AND CONTROL OF
DEPTH MIGRATED GEOPHYSICAL DATA AND INFORMATION
Submitted for Sale _____

(COMPANY NAME) has in its possession and control the following names and types of depth migrated geophysical data and information pertaining to block(s) we bid upon or participated as a joint bidder on:

- (Area, block, type(s) of data and information, and line name(s) for 2-D data)
- (Area, block, type(s) of data and information, and phase name(s) for 3-D data)

[Types of depth migrated data to be reported:

- a) Processed/reprocessed pre-stack 3-D depth migrated data and information.
- b) Processed/reprocessed post-stack 3-D depth migrated data and information.
- c) Processed/reprocessed pre-stack 2-D depth migrated data and information.
- d) Processed/reprocessed post-stack 2-D depth migrated data and information.

This requirement does not pertain to speculative pre- and post-stack depth migrated data and information.]

Data can be inspected at: (Street Address)

Contact for inspection of or acquisition of data:

Name: _____
Phone: _____
Fax #: _____
Mailing Address: _____

(COMPANY NAME) does not have in its possession and control any nonspeculative depth migrated geophysical data and information pertaining to the following block(s) we bid upon or participated as a joint bidder on:

- (Area and Block)
- (Area and Block)

(Signature of company official)
(Official's name)
(Official's title)*
(Date Submitted)

[* An exploration manager or someone in a comparable position with knowledge of the data used in the evaluation of block(s).]